

OPEN MEETING

M E M O R A N D U M

TO: THE COMMISSION

FROM: Utilities Division

DATE: April 18, 2023

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF REVISIONS TO RATE SCHEDULE E-32 L SP. (DOCKET NO. E-01345A-22-0281)

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order In the Matter of the Application of Arizona Public Service Company for Approval of Revisions to Rate Schedule E-32 L SP (Docket No. E-01345A-22-0281). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission may decide to accept, amend, or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by eFiling at <https://efiling.azcc.gov/> or filing an original and the appropriate number of copies in accordance with the Filing Requirements available at <http://azcc.gov/hearing/docket-control-center-filing-requirements>, with the Commission's Docket Control on or before: **April 28, 2023**

This matter may be scheduled for Commission deliberation at its Open Meeting scheduled **May 2, 2023**.

If you have any questions about this matter, please contact Cameron Nance of our Staff at (602) 542-4227, or Elijah Abinah, Director, at (602) 542-6935.

BACKGROUND

On November 7, 2022, Arizona Public Service Company ("APS" or "Company") filed an Application ("Application") for revisions to its Rate Schedule E-32 L SP, Large General Service (401 kilowatts + ["kW"]), Storage Pilot ("E-32 L SP").

Decision No. 78317¹ (November 9, 2021), ordered APS to make changes to E-32 L SP. On November 30, 2021, APS filed the revisions to E-32 L SP in compliance with Decision No. 78317, in Docket No. E-01345A-19-0236, with an effective date of December 1, 2021.

¹ See Commission Docket No. E-01345A-19-0236.

Decision No. 78317 also required APS to engage in a collaborative process with SEIA/AriSEIA and Other Stakeholders (“Stakeholders”) concerning the effectiveness of E-32 L SP and any issues that may arise. If issues were identified by APS or any of the Stakeholders, APS could submit proposed modifications to E-32 L SP to the Arizona Corporation Commission (“Commission”) for review and approval.

COMPANY APPLICATION

The Application revises aspects of the availability, description, time-period, demand, energy charges, and service details of E-32 L SP. APS states that the Application represents the results of the Stakeholder process, and that E-32 L SP is limited to non-residential customers meeting criteria related to average summer peak site loads. The rate schedule is available seven days a week from 4:00 p.m. to 9:00 p.m., based on Summer and Winter hour rates. Customer eligibility criteria have been revised to permit customers to remain on the rate even if their load decreases below the threshold with the use of a battery. No customers currently take service under E-32 L SP.

STAFF ANALYSIS AND RECOMMENDATIONS

After APS’s November 30, 2021, filing to comply with the Decision’s requirements, APS held seven Stakeholder workshops and filed regular updates in Docket No. E-01345A-19-0236, consisting of meeting dates, times, attendees, and topics of discussion.

APS’s Application proposes the following changes to the E-32 L SP filed on November 30, 2021.

Seasonal Structure and On-Peak / Off-Peak Demand and Energy Charges

APS changes the seasonal structure from Summer On-Peak and Summer Remaining Peak rate design to a Summer and Winter On-Peak and Off-Peak rate design with lower demand charges.

Demand Charges (Only One Set Applies)				
		Summer	Winter	
Secondary	On-Peak kW	\$6.167	\$4.937	Per kW
	Off-Peak kW	\$2.302	\$1.647	Per kW
Primary	On-Peak kW	\$5.929	\$4.931	Per kW
	Off-Peak kW	\$2.196	\$1.632	Per kW
Transmission	On-Peak kW	\$4.892	\$4.481	Per kW
	Off-Peak kW	\$1.492	\$1.235	Per kW

APS proposes increases to each energy charge except for the Winter Off-Peak charge which decreases slightly.

Energy Charges			
	Summer	Winter	
On-Peak	\$0.17608	\$0.07136	Per kWh
Off-Peak	\$0.06398	\$0.04190	Per kWh

APS states that the Stakeholders agreed on revenue-neutral rate design changes to address the Stakeholders' request for a higher volumetric rate. As a result, the proposed revisions to E-32 L SP would increase the volumetric portion of the rate while making a corresponding reduction to demand charges.

On-Peak Billing Period

The Application proposes to modify the on-peak period required by the Decision from a year-round, weekday, three-hour on-peak period of 4:00 p.m. to 7:00 p.m., to an everyday on-peak period of five hours from 4:00 p.m. to 9:00 p.m. In support, APS states that the adjustment to the on-peak hours was made through the collaborative process with Stakeholders with the aim of adding value for customers and to the system.

Based on Commission Utilities Division Staff's ("Staff") review and analysis, Staff believes that the Application complies with the requirements contained in Decision No. 78317. Accordingly, Staff recommends that the Commission approve APS's revised E-32 L SP.

Ranelle Spaladino

for
Elijah O. Abinah
Director
Utilities Division

EOA:CCN:elr\MAS

ORIGINATOR: Cameron Nance

THE COMMISSION

April 18, 2023

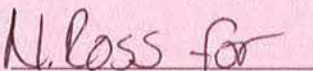
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On this 18 day of April, 2023, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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BEFORE THE ARIZONA CORPORATION COMMISSION

JIM O'CONNOR
Chairman
LEA MRQUEZ PETERSON
Commissioner
ANNA TOVAR
Commissioner
KEVIN THOMPSON
Commissioner
NICK MYERS
Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF
REVISIONS TO RATE SCHEDULE E-32 L
SP.

DOCKET NO. E-01345A-22-0281
DECISION NO. _____
ORDER

Open Meeting
May 2, 2023
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Background

1. On November 7, 2022, Arizona Public Service Company ("APS" or "Company") filed an Application ("Application") for revisions to its Rate Schedule E-32 L SP, Large General Service (401 kilowatts + ["kW"]), Storage Pilot ("E-32 L SP").
2. Decision No. 78317¹ (November 9, 2021), ordered APS to make changes to E-32 L SP. On November 30, 2021, APS filed the revisions to E-32 L SP in compliance with Decision No. 78317, in Docket No. E-01345A-19-0236, with an effective date of December 1, 2021.
3. Decision No. 78317 also required APS to engage in a collaborative process with SEIA/AriSEIA and Other Stakeholders ("Stakeholders") concerning the effectiveness of E-32 L SP and any issues that may arise. If issues were identified by APS or any of the Stakeholders, APS could submit proposed modifications to E-32 L SP to the Arizona Corporation Commission

¹ See Commission Docket No. E-01345A-19-0236.

1 (“Commission”) for review and approval.

2 **Company Application**

3 4. The Application revises aspects of the availability, description, time-period, demand,
4 energy charges, and service details of E-32 L SP. APS states that the Application represents the
5 results of the Stakeholder process, and that E-32 L SP is limited to non-residential customers meeting
6 criteria related to average summer peak site loads. The rate schedule is available seven days a week
7 from 4:00 p.m. to 9:00 p.m., based on Summer and Winter hour rates. Customer eligibility criteria
8 have been revised to permit customers to remain on the rate even if their load decreases below the
9 threshold with the use of a battery. No customers currently take service under E-32 L SP.

10 **Staff Analysis and Recommendations**

11 5. After APS’s November 30, 2021, filing to comply with the Decision’s requirements,
12 APS held seven Stakeholder workshops and filed regular updates in Docket No. E-01345A-19-0236,
13 consisting of meeting dates, times, attendees, and topics of discussion.

14 6. APS’s Application proposes the following changes to the E-32 L SP filed on
15 November 30, 2021.

16 *Seasonal Structure and On-Peak / Off-Peak Demand and Energy Charges*

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18 Peak rate design to a Summer and Winter On-Peak and Off-Peak rate design with lower demand
19 charges.

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10. The Application proposes to modify the on-peak period required by the Decision from a year-round, weekday, three-hour on-peak period of 4:00 p.m. to 7:00 p.m., to an everyday on-peak period of five hours from 4:00 p.m. to 9:00 p.m. In support, APS states that the adjustment to the on-peak hours was made through the collaborative process with Stakeholders with the aim of adding value for customers and to the system.

11. Based on Commission Utilities Division Staff's ("Staff") review and analysis, Staff believes that the Application complies with the requirements contained in Decision No. 78317. Accordingly, Staff recommends that the Commission approve APS's revised E-32 L SP.

CONCLUSIONS OF LAW

1. Arizona Public Service Company is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Arizona Public Service Company and this subject matter.

3. The Commission, having reviewed the application and Staff's Memorandum, concludes that it is in the public interest to approve Arizona Public Service Company's revisions to Rate Schedule E-32 L SP.

4. The Application represents that the proposed changes are revenue neutral and thus comply with case law interpreting Article XV, Sections 3 and 14 of the Arizona Constitution.

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ORDER

IT IS THEREFORE ORDERED that Arizona Public Service Company's revised Rate Schedule E-32 L SP, Large General Service (401 kW+) Storage Pilot is approved.

IT IS FURTHER ORDERED that Arizona Public Service Company file with Docket Control a revised Rate Schedule E-32 L SP, Large General Service (401 kW+) Storage Pilot consistent with this Decision within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN O'CONNOR

COMMISSIONER MÁRQUEZ PETERSON

COMMISSIONER TOVAR

COMMISSIONER THOMPSON

COMMISSIONER MYERS

IN WITNESS WHEREOF, I, DOUGLAS R. CLARK,
Executive Director of the Arizona Corporation Commission,
have hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2023.

DOUGLAS R. CLARK
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EOA:CCN:elr/MAS

1 Arizona Public Service Company
2 Docket No. E-01345A-22-0281

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